



Youth Allowance

STUDENT INCOME SUPPORT—EXEMPT EQUITY AND MERIT BASED SCHOLARSHIPS

The Australian Government proposes to align the treatment of equity and merit-based scholarships under the social security means tests with that of the Commonwealth Scholarships.

Subject to the passage of the enabling legislation, equity and merit-based scholarships will be exempted from being treated as assessable income for means testing under the *Social Security Act 1991*, up to the equivalent combined value of the Commonwealth Education Costs Scholarship and the Commonwealth Accommodation Scholarship, valued at \$6,762 in 2010. Scholarship amounts in excess of this value would continue to be subject to means testing.

This proposed measure was costed at \$9.1 million over four years.

Who will benefit?

This measure is expected to benefit around 3500 students who currently lose some portion of their income support payment as a result of receiving an equity or merit-based scholarship.

The initiative is part of the proposed reforms to the student income support system which aim to ensure that financial barriers to the participation of students from low socio-economic backgrounds are removed. The reforms will provide better support for those who need it most.

What will this proposed measure deliver?

This proposed measure seeks to ensure equal treatment, for income support means testing purposes, of students who receive an equity or merit-based scholarship awarded by universities and other organisations.

Universities and philanthropic bodies are expected to welcome the measure as scholarship holders who are also receiving income support will be treated more equitably.

This measure would apply to eligible students receiving or applying for income support payments, including Youth Allowance, Austudy, ABSTUDY, Parenting Payment and the Disability Support Pension.

Next steps

While legislation to give effect to the proposed reforms has already passed the House of Representatives, the Senate has not passed the legislation. The Government has indicated that it intends to again seek passage of the reforms by the Senate in early 2010. Commencement dates are subject to the passage of the legislation.